

KENTUCKY DEPARTMENT OF EDUCATION (KDE)

DISTRICT FUNDING AND REPORTING BRANCH
DISTRICT FINANCIAL MANAGEMENT BRANCH

FINANCE NEWSLETTER

July/August 2013



Dates to Remember:

June 1 – Application Fidelity Bond Web form window opened
June 30 – New Accounting Standard in effect – GASB 63
July 1 – Fidelity (Performance) Bonds for FY 2013-2014 due
July 1 – Updated Penal Sum and Collateral Market Value due
July 1 – Chart of Accounts Update goes active
July 1 – New Redbook goes live
July 1 – Capital Funds Request Submission starts for 2013-2014
July 8 – Transportation Forms due
July 15 – Employers Annual Report due
July 25 – Unaudited AFR and BS due
August 31 – Pirates of Procurement!
September 30 – Working Budget due
October 1 – PSD/CSD submission due



Unaudited Annual Financial Report and Balance Sheet Due

The Unaudited Annual Financial Report (AFR) and Balance Sheet (BS) are due July 25. The window will open July 10 for early submissions. Please be sure that on-behalf payments are recorded by location. This is the link for the submission guide: [Unaudited AFR and BS Submission Guide](#). If you have any questions, e-mail finance.reports@education.ky.gov with **Unaudited AFRs** in the subject line or call Carol Buell at (502) 564-3846.

New Web Page for Federal Reimbursement of Health Benefits

The Kentucky Department of Education (KDE) has created a new Web page, [Federal Reimbursement of Health Benefits](#), that consists of useful instructions and information that pertain to the Federal Reimbursement of Health Benefits files and payment process. Here are brief descriptions for some of the documents posted at the new Web page:

- **Federal Reimbursement File Web Form Submission** allows the district to upload its federal reimbursement files directly into the federal program that the Division of District Support maintains.
- **Federal Reimbursement Instructions and Guides** are for processing the federal reimbursement information within MUNIS.
- **Federal Reimbursement Electronic Funds Transfer (EFT) Payment Setup** is an online process through a secure website called "[Kentucky.gov ACH Pay](#)" that is handled by the Finance-Controller's Office. KDE **strongly** encourages districts to get set up with EFT for their federal reimbursement payment.

If you have any questions concerning the Federal Reimbursement of Health Benefits Web page, please contact Gail Cox at (502) 564-3846 or Gail.Cox@education.ky.gov.

Summer Time!



Tax Alert – Gift Cards

Cash or cash-equivalent items given to employees must be included in the employee's taxable income, according to IRS regulations. IRS regulations regarding de minimis fringe benefits state that this type of a gift must be included in taxable income regardless of the dollar amount. A gift certificate that is redeemable for general merchandise or has a cash equivalent value is always taxable. See the IRS website at www.irs.gov/Government-Entities/Federal,-State-&-Local-Governments/De-Minimis-Fringe-Benefits for more information.

Cash and cash-equivalent items given to non-employees are subject to 1099 reporting requirements.

Awards given to employees also may be taxable income to the employee whether cash or non-cash. See the *Federal, State, and Local Government Fringe Benefit Guide* on the IRS website at www.irs.gov/pub/irs-tege/fringe_benefit_fslg_2013.pdf for more information.

Financial Reporting and Auditing Workshops – Materials on Website

More than 200 district finance staff and auditors attended the Financial Reporting and Auditing Workshops held at Kentucky Dam Village and Jenny Wiley state resort parks during the first half of June. KDE thanks all those who attended and thanks the presenters who volunteered their time to share their expertise during the workshops.

All the materials presented at the workshops, including Redbook Jeopardy, are available on the KDE website on the District Financial Audits page at

<http://education.ky.gov/districts/FinRept/Pages/District-Financial-Audits.aspx>. A document with FAQs from the workshops also is on the website.

If you have suggestions for future training events, please forward your comments to Susan Barkley at susan.barkley@education.ky.gov, LaTonya Bell at latonya.bell@education.ky.gov or Chay Ritter at chay.ritter@education.ky.gov.

KTRS – FY2013 Employer’s Annual Report and On-behalf Payments

The fiscal year 2012-2013 Employer’s Annual Report is due to the Kentucky Teacher’s Retirement System (KTRS) by **July 15**. Upon receipt, KTRS staff audits the report to ensure the accuracy of member information. It is essential that KTRS receives the Employer’s Annual Report in a timely manner, as doing so will result in a faster turnaround for on-behalf information and other district reports.

The Kentucky Department of Education (KDE) in May posted the KTRS matching calculation on the [On-behalf Payments](#) Web page for districts to use in calculating the estimated KTRS on-behalf payments to be included in the districts’ unaudited AFRs. Once KDE receives the final KTRS on-behalf payments, then the amounts will be posted to KDE’s [On-behalf Payments](#) Web page. Districts may use the estimated KTRS on-behalf payments in their audited AFRs and Audit Report as long as the districts’ auditor does not deem there to be a material impact between the estimated and final calculated amounts for KTRS on-behalf payments.

Please forward KTRS Employer’s Annual Report questions to Donnah Smith, at KTRS, donnah.smith@ky.gov or (502) 848-8500.

Please forward questions about the On-behalf Payments Web page to Gail Cox at gail.cox@education.ky.gov or (502) 564-3846.

Transportation Forms Due July 8

The Certification of Transportation Mileage Form is due July 8 and should be submitted to KDE through a Web-submission application. Report problems accessing the Web-based forms to district technology staff and make sure permissions are set up correctly.

All transportation reimbursement forms are available at <http://education.ky.gov/districts/SEEK/Pages/SEEK-Transportation-Funding.aspx>.

As processes improve, more forms will be available on this page. Please continue to visit the site for future updates.

District Payment Registers

Districts' payment registers for fiscal year 2013 will be **posted** in July to KDE's District Payment Registers Web page at <http://education.ky.gov/districts/FinRept/Pages/District-Payment-Registers.aspx>. Please remember that payment registers **will not be sent** to individual districts and auditors. More information about the payment registers will be coming from KDE in July.

Please forward payment register questions to Jeffrey Coulter at jeffrey.coulter@education.ky.gov or (502) 564-3846.



Capital Funds Request (CFR)

Revised instructions and guidelines for completion and submission of FY2013-2014 Capital Funds Requests (CFR) will be posted very soon to <http://education.ky.gov/districts/FinRept/Pages/Capital-Funds-Request.aspx>.

Submission for FY2013-2014 CFRs to KDE began **July 1**. Any 2014 CFRs submitted to KDE prior to July 1 will not be accepted and have to be resubmitted on or after July 1. All incoming CFRs and required supporting documents are to be **e-mailed** to the Denise Hartsfield at denise.hartsfield@education.ky.gov. Please ensure that all required documents, such as FY2014 Debt Service Schedule, SFCC Approval e-mail (if applicable) and associated BG-1, are submitted together with the CFR form.

Please forward CFR questions to Denise Hartsfield or Pari Ziebart at pari.ziebart@education.ky.gov or (502) 564-3846.

Upgrading to V10.3 and the Data Integrity Assistant

Districts will be upgrading to Munis V10.3 by the end of this calendar year. An important part in preparing for the upgrade is running the Data Integrity Assistant (DIA). The DIA is a Munis program that analyzes your data and identifies data conditions that must be addressed before the upgrade.

Each district is assigned to work with a Tyler representative to run the DIA. During the DIA session with your Tyler representative, the two of you will work through and resolve 90-95 percent of the identified issues. It is a quick and easy process and districts have been surprised how easy it was.

Most districts will have issues that are not resolved during the DIA session and require manual work by the district to resolve. During the DIA session, your Tyler representative will create a spreadsheet with a list of items requiring your involvement.

To minimize the number of issues requiring manual involvement, follow these steps prior to scheduling your DIA session:

- purge the FY2005 and 2006 Fund 2 projects
- purge old salary/benefit projections
- move employees to the Terminated Employee Master if they haven't worked for the districts prior to July 1, 2012

If your district hasn't contacted your Tyler DIA representative, please do so after submitting your AFR.

Questions should be submitted to KIDS at (502) 546-2020.

Kindergarten Teachers Coded as 2025

Starting with the 2014 FY Professional Staff Data (PSD) and Classified Staff Data (CSD) submission, there will be an **ERROR** check if all kindergarten teachers are not coded in Job Class Code 2025. This is required for federal reporting. The district will not be able to submit if its kindergarten teachers are not coded in the correct job class code. If you have any questions, please e- mail Carol Buell at carol.buell@education.ky.gov or (502) 564-3846.

New Accounting Standard – GASB 63

The Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, is effective for the fiscal year ending June 30, 2013. The standard provides the framework for the reclassification of some items reported as assets and liabilities. GASB Statement 65, effective for fiscal year ending June 30, 2014, provides guidance to determine the specific items for which the reporting will change. More guidance will be issued regarding GASB 65 throughout the 2013-14 fiscal year.

For June 30, 2013, financial statements, change the name of the *Statement of Net Assets* to the *Statement of Net Position*. No further changes should be necessary for FY 13 financial statements unless GASB 65 is implemented early by the district.

School District Finance Contacts

To ensure that districts' finance officers and additional finance contacts listed on the Global **All State MUNIS Finance Contacts** e-mail distribution list and **School and District Contact Information, Other Roles Information, Director of Finance and Business** listing (<http://applications.education.ky.gov/sdci/>) receive timely financial and operational updates and information, please e-mail any changes to these individuals' contact information to Brenda Withrow at brenda.withrow@education.ky.gov. Please include the following information in the e-mail:

- 1) district name
- 2) **new** finance officer's name
- 3) new finance officer's employment start date
- 4) **old** finance officer's name to be deleted from district's finance contact information
- 5) additional district finance contact names to be added to the district's finance contact information
- 6) additional district finance contact names to be deleted from the district's finance contact information

The **All State MUNIS Finance Contacts** e-mail distribution list includes the districts' finance officers and additional finance contact names. Changes submitted will be added to the Global Address List **All State MUNIS Finance Contacts** within a week of receipt.

Any changes for the **School and District Contact Information, Other Roles Information, Director of Finance and Business** section need to be submitted by the 15th of each month and will be updated by the end of each month.

Please forward school district finance contact questions to Withrow via e-mail or at (502) 564-3846.

SEEK 20 Percent Funding for State-Run Vocational Schools Update

To follow up on an item in the [May-June Finance Newsletter](#):

- District allocations will be posted to the KDE website with other general funds at <http://education.ky.gov/districts/fin/Pages/State-Grants.aspx>.
- Allocations will remain the same for the entire year (previously there had been a mid-year adjustment).
- Funds may be carried forward if a major project (new roof, H/C unit, improvements) is anticipated and approved.
- Office of Career and Technical Education (OCTE), with assistance of the Office of Administration and Support (OAS), will be providing SEEK 20 percent assurances for signature by the superintendent.

On-behalf Payments

The [On-behalf Payments](#) Web page consists of six different categories along with the On Behalf Payment Payroll Related Summary Report, On behalf Payment Instructions, contact information for each category, and other helpful tools and information. Below is a breakdown of the different categories available on this Web page:

- **Debt Service On-behalf Payments** – consist of the debt service payments paid by the School Facilities Construction Commission (SFCC).
- **Federal Reimbursement of Health Benefits On-behalf Payments** – amounts for July 2012-May 2013 are available. June 2013 is to be available by the middle of July 2013.
- **Health Benefits On-behalf Payments** – amounts for July 2012-June 2013 are available.
- **Kentucky Teachers' Retirement System On-behalf Payments** – formula to calculate an estimated amount has been provided by KTRS. The final KTRS amounts are projected to be available until in September 2013.
- **KISTA Energy Savings Capital Leases On-behalf Payments** – consists of the Kentucky Interlocal School Transportation Association (KISTA) energy savings capital leases payments paid by SFCC.
- **Technology On-behalf Payments** – the July 2012-March 2013 technology payments are available. April 2013-June 2013 amounts will be available in the middle of July 2013.

Please forward questions about individual category on-behalf payment spreadsheets to the contact for that category located on the On-Behalf Payments Web page.

Please forward on-behalf payment questions to Gail Cox at gail.cox@education.ky.gov or (502) 564-3846.



Update on Error Check #17 in the unaudited AFR and Balance Sheet Submission for 2012-13 data

One error check for on-behalf expenditures has been revised to compare the information against KDE's list of schools in operation during that fiscal year.

All A1 school locations in operation during the year must have an amount recorded in object 0280 (on-behalf) to successfully submit the AFR.

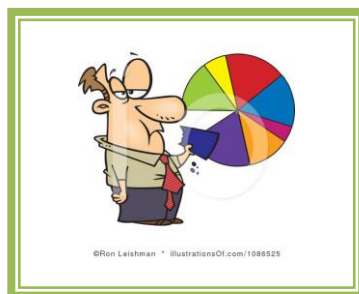
FY 2013 Financial Audit Contract

On June 13 the State Committee for School District Audits approved the majority of the FY 2012-2013 audit contracts. The remaining audit contracts will be approved when all components of the contracts have been received. The approved and signed audit contracts have been posted to <http://education.ky.gov/districts/FinRept/Pages/District-Financial-Audit-Contracts.aspx>. Please continue to check the website for additional approved audit contracts.

Please remember the following deadlines and district/auditor responsibilities:

- The unaudited AFRs are due to KDE by July 25 and audited AFRS are due when the audit report is submitted but no later than Nov. 15.
- The auditor is responsible for submitting the bound and electronic Audit Report, including the management letter along with response(s).
- The district is responsible for submitting a Statement of Certification along with the audited AFR.
- The district is responsible for **withholding 10 percent of the audit fee** if the audit report is not completed and submitted in accordance with the audit contract deadline and requirements.

Please forward contract questions to Ken Smith at ken.smith@education.ky.gov or (502) 564-3846.



New Resource: Procurement Assistance

Be on the lookout for the all new procurement assistance Web page that soon will be housed on the KDE Division of District Support's website. This is a comprehensive collection of procurement resources tailored to assist you at the district level.

Some of the helpful information that you'll find there are: grant opportunities, insurance guide, laws and regulations, co-ops, professional procurement organizations, solicitation resources, state master agreements, technology purchasing, and training.

Pirates of Procurement!

Districts may be interested in a training opportunity for employees responsible for district procurement. The **28th Annual KPPA Conference and Vendor Expo, "Pirates of Procurement!"** is sponsored by the [Kentucky Public Procurement Association \(KPPA\) Board of Directors](#).

The cost is \$175 for the full three-day registration. Early bird discount ends Aug. 31.

[Click here to register!](#)

What you get:

- full conference registration ([see the conference brochure](#))
- 2014 KPPA membership
- educational workshops
- products exposition including expo meal
- Wednesday evening social event
- awards luncheon

When and Where:

Nov. 6-8, 2013
Cincinnati Marriott at RiverCenter
10 West RiverCenter Boulevard
Covington, KY 41011

KPPA has secured a special discounted room rate at the Marriott RiverCenter of \$135 for a standard room. Please contact the hotel at 800-266-6605 to make your reservations, and mention KPPA to secure this rate.

Learn new things and brush up what you already know. Meet procurement professionals from all over the state.

Questions? Contact:

Tom Stratton, MBA, CPPB, CPM
KPPA Board of Directors / Membership Chair
Procurement Manager
Kentucky Department of Education
(502) 564-2351
tom.stratton@education.ky.gov



Reporting Pension Liability – GASB 68

The Governmental Accounting Standards Board (GASB) issued Statement 68, *Accounting and Financial Reporting for Pensions*, which changes the way pensions are reported on the financial statements of employers. Employers participating in a multiple-employer cost-sharing plan will be required to report net pension liability on the entitywide statements for their proportionate share of the liability. Districts will be required to record net pension liability for their share of the liability associated with employees participating in County Employees Retirement System (CERS) as well as any district-sponsored pension plans. It is uncertain if districts will be required to record net pension liability for federally funded employees participating in KTRS. There will be little to no impact on the balance sheets of the governmental funds. Additional note disclosures and required supplementary information (RSI) also are addressed in the standard. KDE will be working with KTRS and Kentucky Retirement Systems in the months ahead to provide guidance for the implementation issues facing school districts. The standard is effective for fiscal year ending June 30, 2015.

You may direct questions regarding GASB 68 to Susan Barkley at susan.barkley@education.ky.gov or (502) 564-3930.



KDE Office of Administration and Support

Associate Commissioner Hiren Desai

Division of District Support Services

Director Kay Kennedy, Assistant Director Susan Barkley

Facilities

Greg Dunbar

(502) 564-3846

FirstName.LastName@education.ky.gov

District Funding and Reporting

Chay Ritter – Manager

Staff:

Karen Conway

Carol Buell

Sarah Aitken

Debra Vaughan

Jana Cox

Renee Thomas

District Financial Management

LaTonya Bell – Manager

Staff:

Ken Smith

Jeffrey Coulter

Gail Cox

Pari Ziebart

Brenda Withrow

Melissa Sullivan